

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 9689

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E.O. 11652: N/A

TAGS: EAID, IT

SUBJECT: CIVAIR - GROUND HANDLING SERVICES AT ROME AIRPORTS

REF: (A) ROME 1243; (B) ROME 1497; (C) ROME 2471

1. SUMMARY. UNDER LAW 755 OF NOVEMBER 10, 1973 ESTABLISHING ROME AIRPORTS AUTHORITY (SAR) AND WITHIN CONTEXT OF WRITTEN AGREEMENT BETWEEN SAR, UNIONS AND MINISTRY TRANSPORT, SAR HAS TURNED OVER ALL IN-FLIGHT FOOD SERVICES AT FIUMICINO AND CIAMPINO AIRPORTS TO SOGEME (AN ALITALIAN SUBSIDIARY) AND NOT LATER THAN JUNE 30, 1975 WILL PROVIDE ALL GROUND SERVICES FOR FOREIGN AIRLINES. ALITALIA WILL CONTINUE PROVIDE SOME OF ITS OWN GROUND SERVICES. TWA HAS REQUESTED EMBASSY ASSISTANCE TO RETAIN GUARANTEED RIGHT TO SELECT OFF-AIRPORT CATERER AND SELECT ANOTHER OR PROVIDE OWN GROUND SERVICES IF NECESSARY ON BASIS THAT PROPOSED SYSTEM IS DISCRIMINATORY, INCONSISTENT WITH "FAIR AND EQUAL OPPORTUNITY" PROVISIONS OF US-ITALY AIR TRANSPORT AGREEMENT, AND CONTRARY TO ICAO RECOMMENDATIONS. EMBASSY BELIEVES TWA ARGUMENT HAS MERIT AND RECOMMENDS FORMAL PROTEST TO MINISTRY FOREIGN AFFAIRS (KMFA) WHILE AMBASSADOR RAISES ISSUE WITH MINISTER TRANSPORT MARTINELLI. LOCAL PAA REP CONCURS IN SUCH AN APPROACH ALTHOUGH IT UNPREPARED FOR FINANCIAL REASONS TO RESIST SAR DEMANDS. END SUMMARY.

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2. LAW 755 OF NOVEMBER 10, 1973 ESTABLISHED ROME AIRPORTS

AUTHORITY (SOCIETA AEROPORTI DI ROMA--SAR) AS AN ITALIAN RE-CONSTRUCTION INSTITUTE (IRI) COMPANY TO OPERATE FIUMICINO/CIAMPINO AIRPORTS FOR 35 YEARS. LAW GRANTS SAR SOLE RIGHT TO AWARD CONCESSIONS AT THE AIRPORT.

3. MINISTRY TRANSPORT, SAR AND UNIONS HAVE AGREED IN WRITTEN DOCUMENT THAT STATE COMPANY WOULD TAKE OVER ALL FOOD SERVICES AT AIRPORTS BY DECEMBER 31, 1974 AND THAT SAR ITSELF WOULD PROVIDE ALL OTHER GROUND SERVICES (INCLUDING CHECK-IN COUNTER PERSONNEL) EXCEPT MAINTENANCE AND FLIGHT PLANNING NOT LATER THAN JUNE 30, 1975. UNIONS CORRECTLY BELIEVE JOB SECURITY WILL BE ENHANCED IF GOI ENTITIES, RATHER THAN AIRLINES, PROVIDE THESE SERVICES. (WASHINGTON AGENCIES MAY RECALL LABOR AGITATION OVER TWA AND PAA LAYOFFS IN ITALY.) LAITALIA, HOWEVER, WILL CONTINUE TO PROVIDE AT LEAST SOME OF ITS OWN GROUND SERVICES, I.E., CHECK-IN COUNTER PERSONNEL AND GROUND HANDLING OF AIRCRAFT, AS UNIONS BELIEVE JOB SECURITY NOT AN ISSUE WITH ALITALIA.

4. AS DESCRIBED REF (B), SAR AWARDED ALITALIA SUBSIDIARY SOGEME SOLE IN-FLIGHT CATERING CONCESSION EFFECTIVE JANUARY 20, 1975. PAA HAS AGREED CLOSE ITS OWN IN-FLIGHT KITCHEN AT FIUMICINO AND ACCEPT FOOD SERVICE FROM SOGEME WHILE TWA, WHICH PREVIOUSLY CATERED BY MARRIOTT-DE MONTIS, IS ACCEPTING FOOD FROM SOGEME BUT HAS NOT RPT NOT SIGNED CONTRACT WITH SOGEME. TWA UNABLE BE SUPPLIED BY OFF-AIRPORT CATERER--DE MONTIS HAS OFF-AIRPORT FACILITIES

BECAUSE SAR REFUSES PERMIT VEHICLES CARRYING IN-FLIGHT MEALS TO ENTER AIRPORT PREMISES. EMBASSY HAS BEEN INFORMED THAT SOGEME BEING REORGANIZED AS IRI COMPANY AND WILL NO LONGER BE ALITALIA SUBSIDIARY.

5. TWA VICE PRESIDENT FOR INTERNATIONAL OPERATIONS LONG AND MANAGING DIRECTOR FOR ITALY FREDIANIT CALLED ON AMBASSADOR FEBRUARY 19 TO REQUEST USG ASSISTANCE IN MAINTAINING, AS MINIMUM, TWA'S RIGHT TO SELECT OFF-AIRPORT CATERERE AND PROVIDE OWN GROUND SERVICES IF PRICE/QUALITY IRI OR SAR-PROVIDED SERVICES PROVED UNSATISFACTORY. IDEALLY, TWA WOULD LIKE CONTINUE PROVIDE OWN GROUND SERVICES AND DISLIKED HAVING TURN OVER THEIR NEW CARGO BUILDING AND GROUND HANDLING EQUIPMENT (GENERATORS, TOW-TRUCKS, ETC.) TO SAR. TWA STRONGLY BELIEVES LIMITED OFFICIAL USE

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PROPOSED MONOPOLY SITUATION, FROM WHICH ALITALIA AT LEAST PARTIALLY EXCLUDED, DISCRIMINATES AGAINST FOREIGN CARRIERS, IS INCONSISTENT WITH "FAIR AND EQUAL OPPORTUNITY" PROVISIONS OF US-ITALY AIR TRANSPORT AGREEMENT (ARTICLE 9A) AND IS CONTRARY TO ICAO RECOMMENDATIONS (ANNEX 9). TWA REPS NOTED ALITALIA HAS FREEDOM OF CHOICE AT US AIRPORTS AND DEPLORED LACK OF RECIPROCITY.

6. AMBASSADOR AGREED SITUATION UNSATISFACTORY AND COULD BECOME INTOLERABLE. GIVEN EXISTENCE OF WRITTEN AGREEMENT WITH UNIONS TO WHICH MINISTRY TRANSPORT PARTY, HOWEVER, CHANCES OF OBTAINING SOLUTION COMPLETELY ACCEPTABLE TO TWA ARE SMALL. NEVERTHELESS, SERIOUS EFFORT SHOULD BE MADE PROTECT RIGHTS OF US CARRIERS. EMBASSY THEREFORE RECOMMENDS FORMAL WRITTEN PROTEST TO MFA AND APPROACH BY AMBASSADOR TO MINISTER TRANSPORT MARTINELLI.

7. EMBASSY HAS CONSULTED WITH LOCAL PAA REP GUZZARDO, WHO CONCURS IN ABOVE COURSE OF ACTION. HE NOTES, HOWEVER, THAT FOR FINANCIAL REASONS PAA FEELS CONSTRAINED ACCEPT IRI AND SAR-PROVIDED SERVICES BUT WOULD LIKE RIGHT TO OPT OUT IF PRICE/QUALITY SUCH SERVICES PROVE UNSATISFACTORY AT LATER DATE. EMBASSY NOTES THIS IS IDENTICAL TO TWA'S MINIMUM DESIRES.

8. ACTION REQUESTED: IF DEPARTMENT CONCURS IN PROPOSAL PARA (6) ABOVE, PLEASE PROVIDE TEXT OF NOTE ASAP. EMBASSY BELIEVES ARTICLE 9(A) OF AIR TRANSPORT AGREEMENT PROVIDES BASIS FOR PROTEST AND THAT GOI MIGHT BE INFLUENCED BY RECIPROCITY ARGUMENT. IF DEPARTMENT BELIEVES ANOTHER COURSE OF ACTION IS PREFERABLE, PLEASE ADVISE.

9. COMMENT: SINCE GOI IS REQUESTING BILATERAL CIVIL CON-  
SULTATIONS (REF. C), USG SHOULD INFORM GOI IN ACCEPTING REQUEST FOR CONSULTATIONS THAT USG WISHES DISCUSS THIS ISSUE AS WELL. THIS WOULD PROVIDE STILL ANOTHER FORUM IN WHICH APPLY PRESSURE FOR EQUITABLE TREATMENT OF US CARRIERS. VOLPE

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